

## Message Text

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ACTION AF-08

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TO SECSTATE WASHDC 4890

INFO AMCONSUL CAPE TOWN

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AMEMBASSY PRETORIA

UNCLAS JOHANNESBURG 1168

E.O. 11652: N/A

TAGS: ELAB SF

SUBJ: BLACK UNEMPLOYMENT IN SOUTH AFRICA

1. ACCORDING TO CURRENT FINANCIAL MAIL, QUOTING  
MAINLY FROM STUDY PREPARED BY SOUTH AFRICAN LABOR AND  
DEVELOPMENT RESEARCH UNIT OF UNIVERSITY OF CAPE TOWN, BLACK  
UNEMPLOYMENT IN SOUTH AFRICA IS PRESENTLY GROWING AT A RATE  
OF 22,000 PER MONTH AND PROBABLY WILL REACH A TOTAL OF TWO  
MILLION (20 PERCENT) BY THE END OF 1976. STUDY BELIEVES  
THIS SHARP RISE IN BLACK UNEMPLOYMENT IS PRIMARILY RESULT  
OF GENERAL SLOWDOWN IN ECONOMIC GROWTH RATE AND CONCOMITANT  
SLACKENING IN RATE OF NEW JOB CREATION. STUDY ALSO ADMITS  
TO A POSSIBLE DISTORTION OF ITS FIGURES THROUGH DIFFICULTY  
IN MEASURING UNEMPLOYMENT/UNDEREMPLOYMENT IN AGRICULTURE IN  
HOMELANDS.

2. FIGURES IN STUDY ARE CONSIDERABLY HIGHER THAN CURRENT  
GOVERNMENT ESTIMATES AND AUTHOR OF STUDY BELIEVES ECONOMIC  
DEVELOPMENT PLAN ESTIMATES AND PROJECTIONS PUBLISHED BY  
GOVERNMENT GREATLY OVERESTIMATE EMPLOYMENT IN AGRICULTURE,  
BUT ADDS THERE IS NO WAY TO MEASURE NUMBER OF AFRICANS ABLE  
TO EKE OUT BARE SUBSISTENCE FROM SEASONAL OR OCCASIONAL JOBS  
AT VERY LOW INCOMES. STUDY ALSO ESTIMATES BLACK UNEMPLOYMENT  
WILL CONTINUE TO GROW IN 1977 AND WILL FALL ONLY MARGINALLY

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IN PERIOD THROUGH 1979. ECONOMIC DEVELOPMENT PLAN ESTIMATES

PUT AFRICAN UNEMPLOYMENT AT ONLY 314,000 BY SAME DATE.

3. STUDY ESTIMATES GROWTH RATES FOR ECONOMY AT 5 PERCENT IN 1976 AND 1977, PROJECTS 9 PERCENT FOR 1978 AND 7 PERCENT FOR 1979. IT SAYS GROWTH RATE OF 7 PERCENT IS NECESSARY MERELY TO STABILIZE UNEMPLOYMENT, A RATE WHICH IT SAYS IS ONLY ACHIEVED DURING BUSINESS CYCLE UPSWINGS.

4. STUDY POINTS OUT GOVERNMENT DOES NOT FIND SUCH HIGH UNEMPLOYMENT FIGURES "UNMANAGEABLE" BECAUSE "INFLUX CONTROL REMOVES THE MANIFESTATION OF THE PROBLEM FROM THE PRINCIPAL URBAN AREAS TO THE BANTUSTANS." FINANCIAL MAIL GOES STEP FURTHER AND CITES LACK OF BLACK VOLITICAL POWER AS ANOTHER REASON GOVERNMENT CAN IGNORE PROBLEM.

5. FINALLY, STUDY SUGGESTS THAT IN ADDITION TO INCREASING GROWTH RATE, SEVERAL OTHER STEPS SHOULD BE TAKEN TO ALLEVIATE PROBLEM. THESE INCLUDE (1) ABOLISHING RESTRICTIONS ON AFRICAN EMPLOYMENT UNDER ENVIRONMENT PLANNING ACT; (2) REMOVING PROVISION IN INDUSTRIAL CONCILIATION ACT WHICH EFFECTIVELY ALLOWS TRADE UNIONS TO PLACE RATION LIMITATIONS ON EMPLOYMENT OF AFRICANS; (3) ABANDONING THE INDUSTRIAL COLOR BAR, WHICH RESULTS IN AFRICAN UNEMPLOYMENT SIDE BY SIDE WITH UNFILLED VACANCIES IN JOBS RESERVED FOR WHITES; (4) REMOVING THE CONSTRAINT UPON GROWTH ARISING FROM SKILL SHORTAGES BY PROVIDING MORE TRAINING; (5) DISCOURAGING LABOR-SAVING PRODUCTIVITY GROWTH - E.G. REPLACEMENT OF MEN BY MACHINES; (6) PROMOTING CAPITAL-SAVING PRODUCTIVITY GROWTH (WHERE BETTER ORGANIZATION, FOR EXAMPLE, CAN REDUCE THE CAPITAL-LABOR RATIO), PROVIDING THE CAPITAL THUS RELEASED CAN FIND ALTERNATIVE EMPLOYMENT AND GENERATE MORE JOBS; AND (7) DEVELOPING A RANGE OF PROJECTS BENEFITING THE POOR, FOR EXAMPLE, URBAN HOUSING, EXPANSION OF ROAD NETWORK, WHICH WOULD ALSO PROVIDE MORE JOBS.

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